ALGONQUIN FORESTRY AUTHORITY

Agence de foresterie du parc Algonquin

34th Annual Report
2008 - 2009

Thirty- fourth Annual Report
2008 - 2009

TO HIS HONOUR
The Lieutenant Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present to Your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 2008 and ending March 31, 2009.

THE HONOURABLE DONNA CANSFIELD
Minister

Forestry
Algonquin
Authority

THE HONOURABLE DONNA CANSFIELD
Minister of Natural Resources

Honourable Madam:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 2008 and ending March 31, 2009.

HUGH CHRISTIE
Chair

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The Algonquin Forestry Authority (AFA) operates under the *Algonquin Forestry Authority Act, 1990.* This legislation sets out the management, objectives and powers of the AFA. Responsibilities in Algonquin Provincial Park include:

- Ensuring the sustainable management of Algonquin's forests
- Planning of all forestry operations
- Harvesting and distribution of wood products to mills
- Monitoring forestry operations

All forestry activities are carried out under the direction of a Ministry of Natural Resources' approved Forest Management Plan (FMP). These activities are subject to an Independent Forest Audit every five years and the audit results are tabled in the Ontario legislature and made available to the public. In addition, the Algonquin Park forest is certified to Canada's national forest certification standard CSA Z-809. This certification demonstrates the Authority's commitment to sustainable forest management and provides the public access to results from independent forest audits to defined standards.

A key component of the CSA Z-809 standard is the AFA's environmental management system (EMS). The EMS has been registered to the International Standards Organization (ISO) 14001 standard since 2001. Key components of the EMS are prevention of pollution, continual improvement and compliance with applicable laws and guidelines.

AFA receives management direction from several different plans and legislation, but its Sustainable Forest Management (SFM) Policy guides its day-to-day activities.

AFA's commitment to SFM can be found in its Vision Statement:

To achieve the highest standards of
sustainable forest management practices,
in order to maintain Park values
for future generations.

The Authority applies the principles of SFM to balance the public's concern for protecting Park values. Protection of recreation, fisheries, wildlife habitat and natural and cultural heritage values is of utmost importance while maintaining a supply of forest products to mills dependent on Park timber. Harvesting is carefully regulated to minimize impacts on other forest values.

The Authority contracts out both harvesting and forest management work to companies from communities in the region. The timber harvested supports 13 mills in communities such as Huntsville, Whitney, Madawaska, Pembroke, Mattawa and Ruthergien. Another five to ten mills receive periodic supplies.

Chair's Message

by Hugh Christie

In October, 2008 Carl Corbett, RPF retired as General Manager of the Authority, a position he held since 1999. Carl was one of the original six foresters hired by the Authority in 1975. His dedication as a forester and a skilled manager will be missed by the Board of Directors and AFA staff. Carl has made a major contribution to the forests of Algonquin and to the people who derive benefit and enjoyment from this great public resource.

On behalf of the Board of Directors, I would like to extend to Carl and his wife Sandra our best wishes for a happy and healthy retirement.

Paul Tufford resigned from his position as Director in 2008. I would like to thank Paul for his assistance with the sustainable management of Algonquin's forest resources. The Board welcomes Dave Stewart who was appointed to the Board in February of 2009.

Effective October 28, 2008 Daniel R. Janke was appointed the new General Manager and I welcome him to this challenging position. Jeff Leavey was appointed Manager of Operations- Pembroke and the Board wishes him the best in his new position with the Authority.

The 2008-2009 fiscal year was challenging for both the forest industry in the whole province including the Authority. In the fall of 2008, the global economic crisis had a big impact on demand for products and subsequently the mills in the Southern region curtailed production either by closures or managed shutdowns or eliminating shifts. Demand for most forest products was down from the previous year and the total volume harvested by the Algonquin Forestry Authority was reduced by 21% from 2007-2008. Considering the economic climate the forest industry experienced, and will continue to experience, the Board is pleased with the financial statements in this annual report. Market conditions for most forest products and tree species are worse going into the 2009-2010 year.

The end of the 2008-2009 fiscal year marks the end of AFA's 34th year of operation. Although operating conditions were difficult last year AFA met the objectives for the 2008-2009 year. The financial statements in this report depict a net loss of $945,051, which included a reimbursement of over $800,000 back to the clients of AFA.

This annual report summarizes the financial and operational activities of last year. The Algonquin Park Forest is certified to Canada's national sustainable forest management standard CSA Z-809. AFA's environmental management system has been registered to the international standards organization ISO 14001 standard since 2001. Staff are working on the 2010-2020 forest management plan which is scheduled to be implemented on April 1, 2010.

Forest Management

The approved 2005-2025 Forest Management Plan (FMP) for the Algonquin Park Forest details the goals, objectives and strategies for the twenty-year period and outlines specific operations for the 2005-2010 term. Forest management activities in Algonquin Park must follow FMP prescriptions.

In order to implement forest management systems in Algonquin Park it is first necessary to designate which trees are to be harvested and which ones are to be retained, while protecting other resource values. This is done by skilled tree markers who follow the prescriptions prepared by Registered Professional Foresters in the Forest Management Plan. The partial harvesting systems used in Algonquin Park rely heavily on natural regeneration. To date, this has been largely successful. Tree marking was carried out on 6,153 hectares in 2008-2009 .

Trees planted in Algonquin Park are grown from seed that originates within the Park. A total of 483,000 tree seedlings were planted on 456 hectares in 2008. Private nurseries are growing 929,000 seedlings for planting in 2009 and 2010. Seventeen hectolitres of cones were collected from red pine, jack pine and white spruce trees for the production of new tree seed.

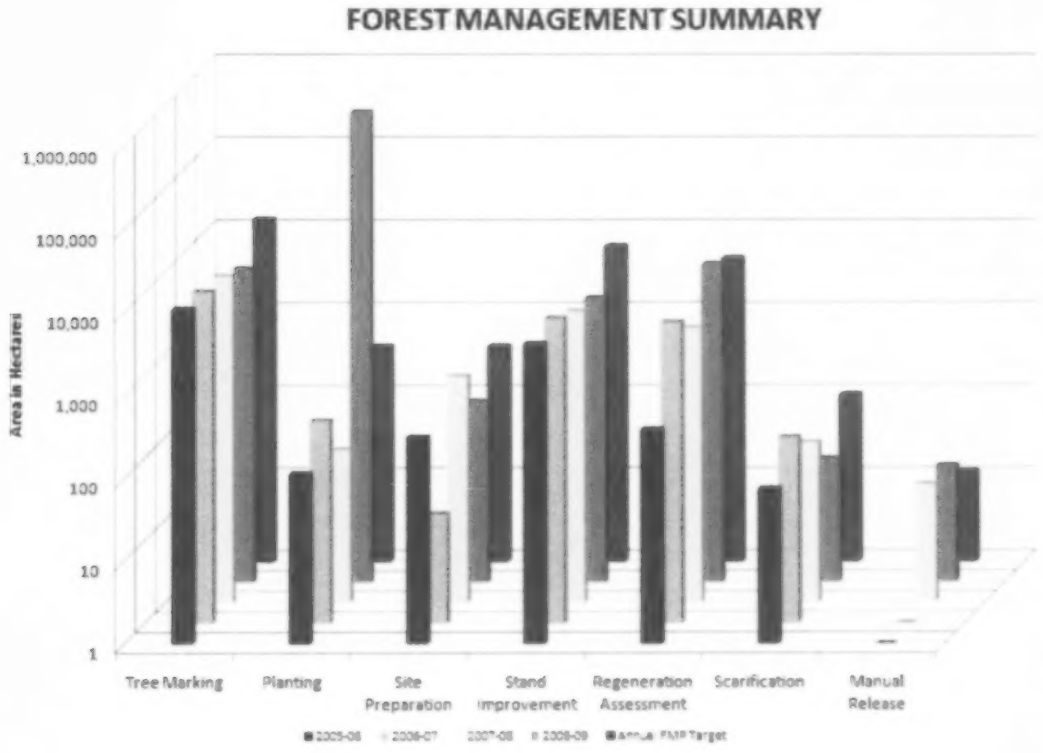
About 153 hectares were site prepared for planting in future years and 31 hectares were scarified for natural regeneration.

Manual tending was performed on 25 hectares to release established white pine and red pine regeneration from competing vegetation.

Regeneration assessments were conducted on over 7,000 hectares. Final results are reported in the Management Unit Annual Report in November, 2009. Regeneration assessments are not conducted in hardwood selection areas where natural regeneration is assured.

Stand improvement was completed on 2,734 hectares to assist growth of residual trees and natural regeneration.

The 2008-2009 forest management program is illustrated below and is compared to annual FMP targets. The program was the fourth year of the approved 2005-2015 FMP.



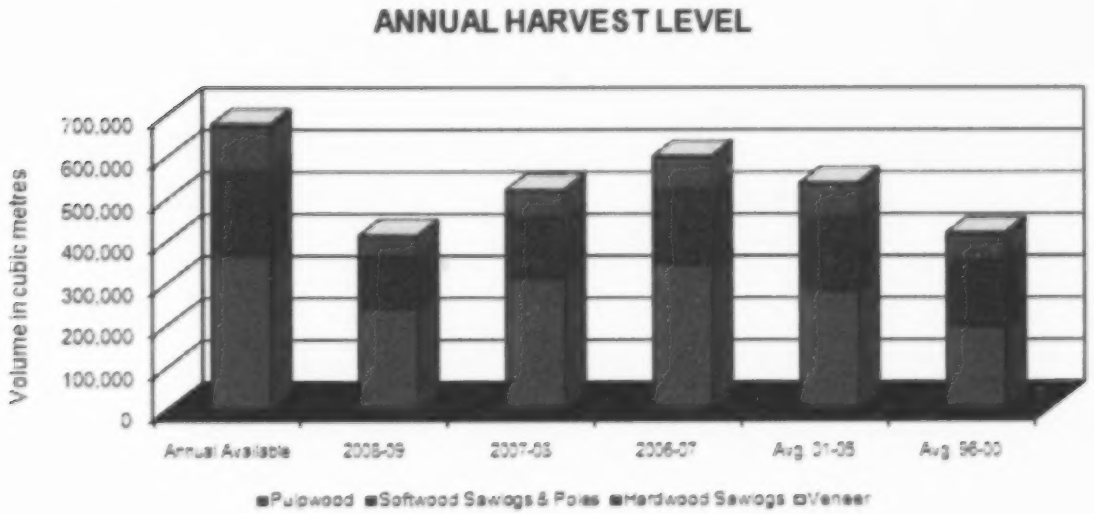
Harvesting

The 2005-2025 Forest Management Plan for Algonquin Park states that a sustainable annual harvest of 677,300 cubic metres (m3) is available from the forest. The 2008-2009 harvest level from the Park was 413,376 m3 (source: AFA Accumulated Sales Data) which is within the sustainable level that the Algonquin forest can provide. The harvest was down 108,724 m3 or 21% from the 2007-2008 fiscal year. Volume harvested in 2008-2009 is illustrated in the following graph and is compared to the previous two years and annual averages for the previous two five-year terms.

All market sectors weaken in 2008-2009 compared to 2007-2008. The reduced harvest levels is related to the continued decline in the United States housing market and reduced global demand for wood products.

Reduced home construction in the United States, the cost of fuel/energy and the value of the Canadian dollar will result in a difficult 2009/10 fiscal year for the Algonquin Park forest industry.

Robert D. Robinson Logging Ltd. of Maynooth, Ontario won the annual Safety Award for the season ending 2008-2009. This award is presented annually to the Algonquin Park logging contractor with best safety record. Employees worked a total of 4,439 person days with no lost time days due to work related accidents. In addition to the safety award, AFA and the contractors administer an "Environmental and Safety Award System" that recognizes positive work practices. Based on the point system, the top logging crews on each contractor operation receive rewards. The hauling and road construction sectors are also recognized for their contributions to the overall results.



Harvesting and the Statement of Operations

Operating revenues for the year were $20,853,894, which represents a decrease of $2,367,875 or 10.2 % compared to 2007-2008. Demand for forest products was reduced 21 % during the year resulting in reductions to both product sales and standing timber sales in 2008-2009.

Other includes approximately $2,000,000 ($1,300,000 in 2007-2008) of provincial road maintenance funding which was reimbursed to AFA for maintenance activities performed. Amounts then reimbursed by AFA directly to the forest industry as reduction to both product sales and standing timber sales amounted to approximately $800,000 ($1,300,000 in 2007-2008). Sales of standing timber were down $297,033 as a result of reduced demand.

Even though costs for contracted production and labour, wood measurement activities and stumpage were lower than the previous year, the end result was a decrease in operating income to $1,287,727 as compared to $1,972,568 in the previous year. Operations planning costs associated with our Environmental Management System, CSA certification and the next FMP process were $132,162 as compared to $161,834 in the previous year.

Administration costs for the year were $2,232,778 which represents an increase of $10,859 or 0.4% compared to 2007-2008.

Forest Renewal Fund

The method of accounting for Crown Stumpage reflects the requirements of the Crown Forest Sustainability Act. The forest renewal portion of the Crown Stumpage Matrix is retained by the Authority, in trust for the Crown, and is to be used to fund eligible forest renewal work on a cost recovery basis. The forest renewal revenue of $771,260 ($958,183 in 2008) represents amounts actually charged by the Ministry to customers during the year for renewal fund purposes. Reduced volumes contributed to the decline.

Actual allowable forest renewal expenditures incurred during the year amounted to $1,158,245 as compared to $1,360,608 in 2008. This is the fourth consecutive year that a current year shortfall has been incurring resulting in a loss of $311,822 ($278,708 in 2008).

Financial Position- Balance Sheet

The Statement of Financial Position disclosure reflects disclosure requirements affecting not-for-profit organizations, such as the Authority, recommended by the Canadian Institute of Chartered Accountants. Funds received in advance of the planned expenditure are disclosed as "Deferred Contributions" and amounts once referred to, in a single disclosure component, as "Retained Income" have been disclosed as three separate components of 'Net Assets'. This disclosure clarifies the restricted/unrestricted nature of our net asset position.

At March 31, 2009 our combined cash plus temporary investments and our receivables were both lower than the March 31, 2008 balances. Due to the low rate of interest paid on temporary investments the Authority decided to consolidate all cash in our interest bearing bank account.

With the earlier shutdown of operations compared to the previous year our receivables were lower by $1,568,158 compared to 2008. Due to the difficult market conditions, the Authority ended up with higher inventories of pulpwood (compared to 2008) at March 31.

March 31 payables and accruals were lower by $805,542 compared to 2008 as a result of curtailing operations earlier than the previous year. Also included in the $1,501,302 balance is approximately $800,000 ($1,300,000 in 2007-2008) of provincial road maintenance funding that was reimbursed to AFA for maintenance activities performed and then reimbursed by AFA directly to the forest industry in May 2009.

The Renewal Account balance of $2,500,000 ($2,630,704 in 2008) remains well above the minimum required balance of $1,500,000.

Board of Directors

	Date of Appointment	Current Term's Expiration Date
CHAIR:		
Hugh Christie Etobicoke, ON	September 8, 2005	September 7, 2011
VICE-CHAIR:		
Kathleen Reid Norwood, ON	March 25, 1998	March 10, 2010
DIRECTORS:		
William Atkinson Sundridge, ON	June 2, 2004	June 1, 2010
William Dickinson Bracebridge, ON	November 10, 2005	November 9, 2011
Karen LeClerc Laurentian Hills, ON	November 10, 2005	November 9, 2011
Don McCormick Huntsville, ON	June 2, 2004	June 1, 2010
Terrence Mullin Barry's Bay, ON	November 10, 2005	November 9, 2011
Anne Mundy Huntsville, ON	June 23, 2004	June 22, 2010
David Stewart Cobden, ON	February 18, 2009	February 17, 2012

OFFICERS:

Daniel R. Janke, MBA
General Manager

Timothy K. Doyle, CA
Secretary-Treasurer

GENERAL MEETINGS:

May 31, 2008
Pembroke, ON

July 24 - 25, 2008
Algonquin Park, ON

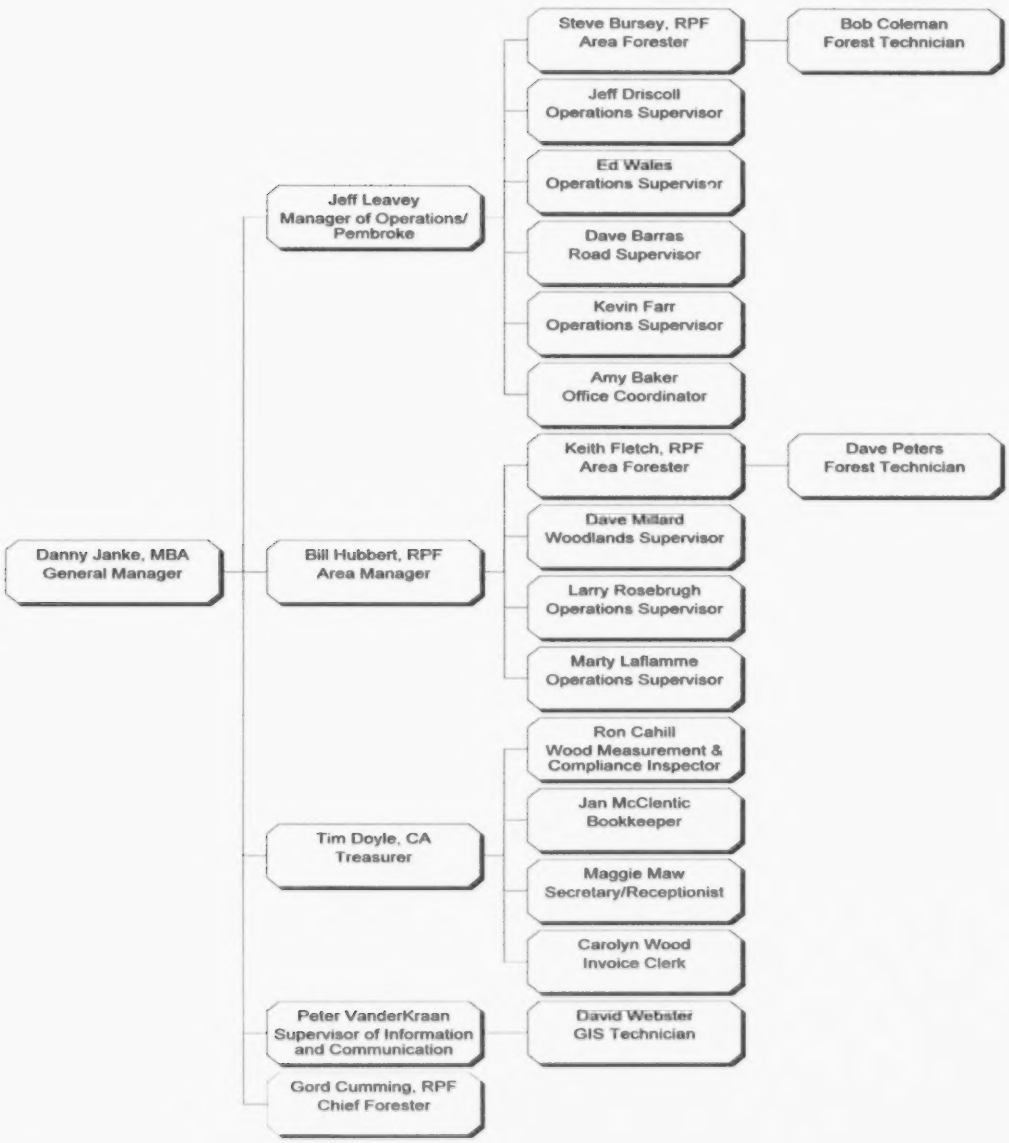
September 19 - 20, 2008
Mattawa, ON

December 5 - 6, 2008
Toronto, ON

February 6 - 7, 2009
Peterborough, ON

March 27 - 28, 2009
Huntsville, ON

Organization Chart



Algonquin Forestry Authority
Financial Statements
March 31, 2009

Management's Responsibility for Financial Information

Management and the Board of Directors of the Algonquin Forestry Authority are responsible for the financial statements and all other information presented in this Annual Report. The financial statements have been prepared by management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on Management's best estimates and judgements.

The Algonquin Forestry Authority is dedicated to the highest standards of integrity in its business. To safeguard the Authority's assets, the Authority has a sound and dynamic set of internal financial controls and procedures that balance benefits and costs. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information in accordance with the *Algonquin Forestry Authority Act*.

The Board of Directors ensures that Management fulfills its responsibilities for financial information and internal control. The Board of Directors meets regularly to oversee the financial activities of the Authority and at least annually to review the financial statements and the external auditors' report thereon, and recommends them to the Minister of Natural Resources for approval.

The financial statements have been examined by the Provincial Auditor. The Provincial Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

Tim Doyle, C.A.
Treasurer

Daniel R. Janke, MBA
General Manager

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Auditor's Report

To the Members, Algonquin Forestry Authority,
and to the Minister of Natural Resources

I have audited the statement of financial position of the Algonquin Forestry Authority as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
May 28, 2009

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

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Toronto, Ontario
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Algonquin Forestry Authority
Statement of Financial Position

March 31	2009	2008
Assets		
Current		
Cash and cash equivalents	$ 4,787,517	$ 2,590,676
Temporary investments	-	2,860,365
Receivables	3,837,663	5,405,821
Inventory	583,801	163,651
Prepaids	4,840	4,632
	9,213,821	11,025,145
Capital assets (Note 5)	419,194	479,654
	$ 9,633,015	$ 11,504,799
Liabilities		
Current		
Payables and accruals	$ 1,501,302	$ 2,306,844
Contractors' performance holdbacks	71,677	103,915
Due to Consolidated Revenue Fund	174,665	364,686
Deferred contributions (Note 6)	215,098	-
	1,962,742	2,775,445
Deferred contributions (Note 6)	-	99,499
Obligation for employee future benefits (Note 7)	456,817	471,348
	2,419,559	3,346,292
Net assets		
Invested in capital assets	419,194	479,654
Restricted - Forest Renewal Fund (Notes 4 and 13)	2,500,000	2,630,704
Unrestricted - General Fund	4,294,262	5,048,149
	7,213,456	8,158,507
	$ 9,633,015	$ 11,504,799

Contingency (Note 14)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Algonquin Forestry Authority
Statement of Operations
Year Ended March 31

	General Fund	Forest Renewal Fund	Total 2009	Total 2008
Revenue				
Product sales	$ 17,614,870	$ -	$ 17,614,870	$ 20,036,363
Forest renewal activity	-	771,260	771,260	958,183
Standing timber sales	76,113	-	76,113	373,146
Other (Note 8)	2,316,488	75,163	2,391,651	1,854,077
	20,007,471	846,423	20,853,894	23,221,769
Expense				
Direct program costs	16,492,829	911,832	17,404,661	18,550,726
Crown timber stumpage charges	1,663,409	-	1,663,409	2,215,520
Public access road maintenance	305,750	-	305,750	257,876
Operations planning	132,162	-	132,162	161,834
Wood measurement	60,185	-	60,185	63,245
	18,654,335	911,832	19,566,167	21,249,201
Operating income	1,353,136	(65,409)	1,287,727	1,972,568
Administrative and other				
Salaries and benefits	1,525,832	182,091	1,707,923	1,671,568
Amortization	178,994	41,826	220,820	251,940
Office supplies and expenses	95,976	105	96,081	99,799
Directors' allowances and expenses	56,594	-	56,594	42,874
Office rent	35,993	13,260	49,253	46,485
Staff travel and training	28,546	1,829	30,375	16,730
Public relations	28,462	-	28,462	41,821
Insurance	16,426	7,302	23,728	25,127
Consulting, legal and miscellaneous	19,542	-	19,542	25,575
	1,986,365	246,413	2,232,778	2,221,919
Loss before assessment	(633,229)	(311,822)	(945,051)	(249,351)
Penalties and interest on GST assessment (Note 11)	-	-	-	234,598
Net loss for the year	$ (633,229)	$ (311,822)	$ (945,051)	$ (483,949)

See accompanying notes to the financial statements.

Algonquin Forestry Authority
Statement of Changes in Net Assets

Year Ended March 31

	Invested In Capital Assets	Restricted - Forest Renewal Fund	Unrestricted - General Fund	**2009 Total**	2008 Total
Balance, beginning of year	$ 479,654	$ 2,630,704	$ 5,048,149	**$8,158,507**	$ 8,642,456
Interfund transfer (Note 13)	-	139,292	(139,292)	-	-
Net loss for the year	-	(311,822)	(633,229)	**(945,051)**	(483,949)
Amortization	(220,820)	41,826	178,994	-	-
Investment in capital assets	160,360	-	(160,360)	-	-
Balance, end of year	$ 419,194	$ 2,500,000	$ 4,294,262	**$7,213,456**	$ 8,158,507

See accompanying notes to the financial statements.

Algonquin Forestry Authority
Statement of Cash Flows
Year Ended March 31

	2009	2008
Cash and cash equivalents derived from (applied to)		
Operating		
Net loss for the year:		
General Fund	$ (633,229)	$ (205,241)
Forest Renewal Fund	(311,822)	(278,708)
Add (deduct): non-cash items		
Amortization	220,820	251,940
Gain on sale of capital assets	-	(21,454)
	(724,231)	(253,463)
Change in non-cash operating working capital	119,999	634,663
	(604,232)	381,200
Financing		
Obligation for employee future benefits	(14,531)	36,758
Deferred contributions	115,599	42,124
	101,068	78,882
Investing		
Disposal (acquisition) of temporary investments	2,860,365	(148,681)
Acquisition of capital assets	(166,042)	(182,041)
Proceeds on sale of capital assets	5,682	31,134
	2,700,005	(299,588)
Increase in cash and cash equivalents	2,196,841	160,494
Cash and cash equivalents, beginning of year	2,590,676	2,430,182
Cash and cash equivalents, end of year	$4,787,517	$2,590,676

See accompanying notes to the financial statements.

Algonquin Forestry Authority
Notes to the Financial Statements
March 31, 2009

1. Purpose of the organization

The Authority is responsible for forest management in Algonquin Provincial Park. The Authority is a Crown Agency which was established by the Ontario Government on January 4, 1975 under the Algonquin Forestry Authority Act, 1974. The Authority is exempt from income taxes under the Income Tax Act.

2. Significant accounting policies

Basis of accounting

The Authority's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants.

Fund accounting

The General Fund accounts for the Authority's profit generating and administrative activities. The Forest Renewal Fund accounts for the forest management activities, including silvicultural work.

Revenue recognition

The Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Revenue from product and standing timber sales and forest renewal charges are recognized when the wood is delivered. Consulting and other income is recognized as revenue when earned.

Inventories

Inventories, which consist of harvested wood not yet delivered to customers, are measured at the lower of cost and net realizable value with cost being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis, using rates of 10% per annum for furniture, fixtures, technical equipment, trailers and leasehold improvements, 20% per annum for data processing equipment and portable steel structures and 25% per annum for automotive equipment. The cost of bridges and access roads is amortized over the estimated number of operating seasons for which the bridges and roads are to be used, with a maximum amortization period of 10 years. Forest renewal assets are amortized at the same rates as the assets mentioned above.

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Authority may undertake in the future. Significant accounting estimates include accounting for doubtful accounts, inventory obsolescence, and estimated useful lives of capital assets. Actual results could differ from those estimates.

Financial instruments

The Authority has made the following classification for the purpose of measuring the value of the financial instruments:

- Cash and cash equivalents includes cash on hand, balances with banks and short term deposits with original maturities of three months or less. Cash and cash equivalents have been classified as "held for trading". They are initially measured at fair value and the gains and losses resulting from the revaluation at fair value at the end of each period are recognized in net income.

- Temporary investments consist of short term treasury bills with original maturities of three months to one year and are recorded at the lower of cost or market. Temporary investments have been classified as "held to maturity". They are recorded at cost, which, upon their initial measurement, is equal to their fair value. Subsequent measurements are recorded at amortized cost which usually corresponds to the amount initially recorded plus accrued interest.

- Receivables are classified as "loans and receivables". They are recorded at cost, which, upon their initial measurement, is equal to their fair value. Subsequent measurements of receivables are recorded at amortized cost which usually corresponds to the amount initially recorded less any allowance for doubtful accounts.

- Payables and accruals, contractors' performance holdbacks, Due to Consolidated Revenue Fund, deferred contributions and obligations for future employee benefits are classified as "other financial liabilities." They are initially measured at fair value and the gains and losses resulting from their subsequent measurement at amortized cost, at the end of each period, are recognized in net income.

3. Application of new standards (continued)

Capital disclosures

On April 1, 2008, the Authority adopted CICA Handbook Section 1535 "Capital Disclosures". The new standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The Authority's new disclosure is included in Note 12.

4. Forest Renewal Fund

Effective April 1, 2002, the Authority renewed its 20-year agreement with the Ministry of Natural Resources, a related party, to perform forest management activities, including silvicultural work. Funding, on a cost recovery basis, for these activities is derived from stumpage charges levied under the Crown Forest Sustainability Act and grants from the Forestry Futures Fund.

The agreement also requires the Authority to maintain a minimum balance of $1,500,000 in the Forest Renewal Fund.

5. Capital assets

			2009	2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Portable steel structures	$ 403,010	$ 278,514	**$ 124,496**	$ 79,044
Bridges and access roads	5,346,799	5,234,807	**111,992**	197,792
Forest renewal assets	415,503	337,767	**77,736**	40,674
Automotive equipment	322,505	249,701	**72,804**	130,085
Data processing equipment	149,267	137,344	**11,923**	15,044
Technical equipment	191,163	179,741	**11,422**	4,581
Furniture and fixtures	83,358	78,783	**4,575**	7,259
Leasehold improvements	44,804	41,822	**2,982**	3,630
Trailers	13,690	12,426	**1,264**	1,545
	$6,970,099	$6,550,905	**$ 419,194**	$ 479,654

6. Deferred contributions

Deferred contributions represent unspent resources received from the Ministry of Natural Resources in the current period and which relate to expenses of future periods. Changes in the deferred contributions balance are as follows:

	2009	2008
Public access road maintenance		
Beginning balance	$ 99,499	$ 57,375
Add: amount received in the year	339,340	300,000
Less: amount spent on road maintenance and related amortization costs in the year	(305,750)	(257,876)
Ending balance	$ 133,089	$ 99,499
Other park-related projects		
Beginning balance	$ -	$ -
Add: amount received in the year	82,009	-
Less: amount spent on projects in the year	-	-
Ending balance	$ 82,009	$ -
Total	$ 215,098	$ 99,499

7. Employee future benefits

The Authority's full-time employees participate in the Public Service Pension Fund (PSPF) which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF, determines the Authority's annual payments to the PSPF. As the sponsor is responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from the statutory actuarial funding valuations are not assets or obligations of the Authority. The Authority's annual payments of $107,954 (2008 - $104,623) are included in salaries and benefits in the Statement of Operations.

The Authority also provides termination benefits to qualifying employees. All full-time employees qualify for a severance payment equal to one week of salary for each year of continuous service with the Authority, to a maximum of one half of the employee's annual salary. The total obligation for severance payments vested amounts to $456,817 at year end (2008 - $471,348).

The cost of other non-pension post-retirement benefits is the responsibility of the Ontario Ministry of Government and Services, a related party, and accordingly is not accrued or included in the Statement of Operations.

8. Road maintenance funding

Included in General Fund Other Revenue is revenue of $1.96 million (2008 - $1.22 million) received by the Authority pursuant to an agreement with the Ontario Ministry of Natural Resources. The purpose of the agreement is to provide the Authority with reimbursement of road construction and maintenance costs on eligible primary and secondary forest access roads where access to those roads is not limited to the forest industry. A portion of the Ministry funding (2008 – all) was passed on to the Authority's customers through a rebate allocated on the basis of sales volumes.

9. Remuneration of appointments

Total remuneration of the Board members of the Authority was approximately $20,400 during the fiscal year (2008 - $13,800).

10. Financial instruments

Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of the Authority's financial instruments approximate their carrying values, unless otherwise noted.

11. Penalties and interest on GST assessment

In 2007, the Authority was subject to a GST audit from Canada Revenue Agency ("CRA"). This audit covered the periods April 1, 2005 to December 31, 2006. The Authority was required to remit GST to CRA relating to stumpage fees which the Authority was able to recover from its customers. As a result of the assessment by CRA, the Authority also paid penalty and interest charges of $234,598. In February 2008, the Authority submitted a Notice of Objection to the CRA. In February 2009, the Authority received notification of confirmation that the Notice of Objection was disallowed and the assessment is confirmed.

12. Capital management

The Authority considers cash (and cash equivalents) and net assets as capital. The Authority manages its capital to have sufficient resources to satisfy its liabilities as they become due and to provide the services for which it is constituted in a consistent and quality manner. The Ministry of Natural Resources requires the Authority to maintain a minimum balance of $1,500,000 in the Forest Renewal Fund (see Note 4) and the Authority has complied with this requirement.

13. Interfund transfer

The Board of Directors has approved, by resolution, that any loss incurred in the Forest Renewal Fund resulting from forest renewal activity expenses exceeding revenue during the year which cannot be funded by the Forest Renewal Fund without causing the Forest Renewal Fund balance to fall below $2,500,000, shall be funded by the General Fund.

14. Contingency

The Authority has been named as a co-defendant in a claim by a customer for a refund of all residual value stumpage charges imposed on the customer under the authority of the Crown Forest Sustainability Act, 1994 in the amount of $4,528,215 plus costs and interest. No statement of defence has yet been filed by the Authority. Based on a similar claim recently denied by the courts, the Authority believes that there is no likelihood of loss, and as such, no accrual has been made for this claim in these financial statements.

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